

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 15, 2019**  
**Staff Report**  
***REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN***  
***EXEMPT FACILITY PROJECT***

*Prepared by: Richard Fischer*

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<b>Applicant:</b>	California Pollution Control Financing Authority
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<b>Allocation Amount Requested:</b>	\$16,650,000
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<b>Project Information:</b>	
<b>Name:</b>	<b>SiONEER Stockton, LLC</b>
<b>Project Address:</b>	713-A Luce Avenue
<b>Project City, County, Zip Code:</b>	Stockton, San Joaquin, 95203

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<b>Project Sponsor Information:</b>	
<b>Name:</b>	Glass Processing Solutions, LLC dba SiONEER
<b>Address:</b>	713-A Luce Avenue Stockton, CA 95203
<b>Principals:</b>	Douglas L. Jackson, Paul Dodds, Steve McMahon, Steve Martin and Wendy Wright
<b>Contact:</b>	Douglas Jackson
<b>Phone:</b>	(703) 430-8572

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<b>Project User Information:</b>	
<b>Name:</b>	SiONEER Stockton, LLC
<b>Address:</b>	713-A Luce Avenue, Stockton CA 95203
<b>Contact:</b>	Douglas Jackson
<b>Phone:</b>	(703) 430-8572

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<b>Project Financing Information:</b>	
<b>Bond Counsel:</b>	Orrick, Herrington & Sutcliffe LLP
<b>Underwriter:</b>	Westoff, Cone & Holmstedt
<b>Credit Enhancement Provider:</b>	N/A
<b>Private Placement Purchaser:</b>	Lapis Advisors, LP
<b>TEFRA Adoption Date:</b>	August 9, 2018

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<b>Project Sponsor's Principal Activity:</b>	
According to the Applicant, the principal activity is glass recycling.	

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<b>First Tier Business (Yes/No):</b>	Yes
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<b>Regulatory Mandate (Yes/No):</b>	No
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**Details of Transaction:****Sources of Funds:**

Tax-Exempt Bond Proceeds	\$	16,650,000
Equity	\$	4,389,723
Cal Recycle Grant	\$	2,400,000
Total Sources	\$	23,439,723

**Uses of Funds:**

Equipment	\$	12,275,922
Engineering, Design & Permitting	\$	1,400,200
Construction costs	\$	6,250,000
Project Contingency	\$	1,240,323
Lapis Advisor, LP Expenses	\$	120,000
Capitalized Interest	\$	1,415,250
Underwriter's Discount	\$	333,000
Bond Issuance Costs	\$	405,028
Total Uses	\$	23,439,723

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**Description of Proposed Project:**

According to the Applicant, the construction of the new recycling facility will generate finished products of a specialty sand (abrasive, filtration, etc.) and a high quality pozzolan used in concrete.

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**Environmental Impact:**

- 1) Air Quality:  
The Project will reduce greenhouse gas ("GHG") emissions. The SiONEER Stockton process reduces GHG by diverting glass fines that are currently being landfilled and making this material into a high quality pozzolan that replaces portland cement on a ton-for-ton basis as a substitute for cement in making concrete. The net GHG emission reduction will be 0.834 metric tons of CO<sub>2</sub> for each ton of glass pozzolan that replaces a ton of portland cement. Based on the projected production of 72,000 tons of SiONEER Glass Pozzolan per year, the net impact will be a GHG emission reduction of 60,048 metric tons per year of CO<sub>2</sub>.
- 2) Water Quality:  
The facility will operate on concrete surfaces in enclosed buildings not on exposed ground areas. This prevents any seepage of undesirable materials into the ground water. The facilities are not in close proximity to environmentally sensitive wetlands and coastal areas that could be affected by pollution.
- 3) Energy Efficiency:  
N/A
- 4) Recycling of Commodities:  
The Project will divert 72,000 tons per year of post-consumer glass fines from local landfills.
- 5) Safety and Compliance:  
The Project will result in safe disposal of waste glass in compliance with all applicable State and Federal environmental regulations regarding solid waste disposal. It is important to note that both the California Integrated Waste Management Act of 1989 (AB 939) and the United States Resource Conservation and Recovery Act (RCRA) mandated the need to minimize the amount of material landfilled and maximize recycling opportunities both of which the Project will achieve.
- 6) Consumer Costs Savings and Efficiencies:  
N/A
- 7) Jobs:  
SiONEER Stockton estimates that the Project will create approximately 30 new full-time equivalent jobs at Project completion.

**Local Government Support:**

Letters of support have been received from the Port of Stockton.

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**Legal Questionnaire:**

No information was disclosed that raised any question regarding the financial viability or legal integrity of the Project Sponsor.

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**Recommendation:**

Staff recommends that the Committee approve \$16,650,000 in tax exempt bond allocation.